

421 West Main Street  
Post Office Box 634  
Frankfort, KY 40602-0634  
(502) 223-3477  
(502) 223-4124 Fax  
www.stites.com

September 30, 2013

**HAND DELIVERED**

Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Mark R. Overstreet  
(502) 209-1219  
(502) 223-4387 FAX  
moverstreet@stites.com

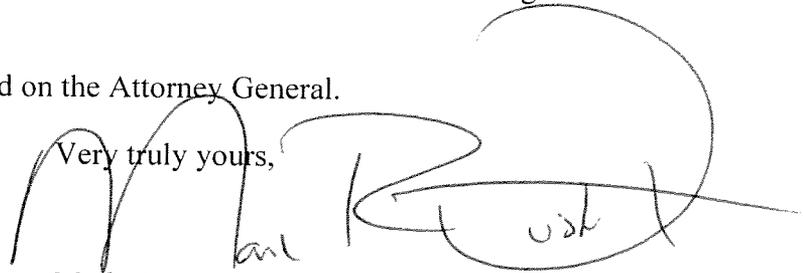
RE: P.S.C. Case No. 2009-00459

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of Kentucky Power Company's 2012 Distribution Vegetation Management Plan. The Plan is being filed in compliance with paragraph 5(c)(i) of the May 19, 2010 Unanimous Settlement Agreement in the above case.

A copy of the plan is being served on the Attorney General.

Very truly yours,



Mark R. Overstreet

MRO

cc: Dennis Howard II

## Kentucky Power Company 2014 Distribution Vegetation Management Plan

### Overview

On September 27, 2012, Kentucky Power filed its 2013 Distribution Vegetation Management Plan with the Public Service Commission. In the 2013 plan, the Company projected undertaking distribution vegetation management work to re-clear 1,118 miles of distribution lines<sup>1</sup> at an estimated O&M cost of \$17.2M. In the 2014 Plan which is attached to this overview, the Company projects to re-clear 1,046 miles of distribution lines at an estimated cost of \$17.2 million.

The table below compares the projected work and O&M budgets for the Company's 2013 and 2014 Distribution Vegetation Management Plans:

District	Planned Miles of Distribution Line to be Re-cleared		Total Distribution Vegetation Management O&M Budget	
	Year→ 2013	2014	2013	2014 *
Hazard	458	<b>438</b>	\$ 5,866,498	<b>\$ 5,163,668</b>
Pikeville	403	<b>362</b>	7,264,282	<b>7,576,597</b>
Ashland	257	<b>246</b>	4,107,185	<b>4,497,700</b>
<b>Totals</b>	1,118	<b>1,046</b>	\$17,237,965	<b>\$17,237,965</b>

\*Please see EXHIBIT 4 for the Expenditure details.

Under the Unanimous Settlement Agreement approved by the Commission in Case No. 2009-00459, Kentucky Power agreed to maintain the test-year level of distribution vegetation management O&M expenditures. In addition, under the Unanimous Settlement Agreement, Kentucky Power is to receive and is required to spend an additional \$10 million annually for distribution vegetation management O&M expenditures.

A circuit-by-circuit description of the proposed distribution vegetation management work plan for 2014, along with the associated O&M expenditures, is

<sup>1</sup> See Exhibit 2, page 1 of 2, col. "Miles Planned" of the 2013 plan. The 2,155 miles listed in table in the Overview section of the 2013 plan included both line miles re-cleared and line miles sprayed. Beginning with the 2014 plan, the Company proposes to report only the line miles re-cleared. Doing so will enable the Commission to gauge the Company's progress on its projected seven year initial re-clearing of the distribution lines.

provided as EXHIBIT 1 to this overview. EXHIBIT 2 to the overview sets out by district the projected spraying expenditures during 2014. Finally, EXHIBIT 3 to the overview provides on a district-by-district basis the projected total O&M expenditures during 2014.

As set out in more detail on EXHIBITS 1-3 of this Plan, Kentucky Power projects that during 2014:

- Approximately 1,046 miles of distribution line will be re-cleared.
- Herbicide will be applied to 1,350 miles covering approximately 2,454 acres with an O&M budget of over \$1.2 million.
- An estimated \$17.2 million will be spent on O&M for distribution vegetation management, with \$16.8 million expected to be spent on planned maintenance, and \$0.4 million to be spent on unscheduled/reactive maintenance, as required.
- In addition to expenses for current forestry staff, re-clearing, and spraying of herbicides, additional activities of the plan include:
  - reactive maintenance
  - contract foresters
  - stump grinding programs
  - tree replacement programs
  - a contractor safety, productivity and quality incentive program

Kentucky Power estimates it will take 7 years beginning July 1, 2010 to perform a complete re-clearing cycle of its distribution system and establish a 4-year cycle for its program. A complete inventory of all trees along distribution Rights-of-Way will not be made at this time. However, the Company will develop and maintain an inventory of "cycle-buster" trees as the program is moved to a 4-year cycle.

Kentucky Power will use reasonable and prudent efforts to adhere to and carry out this work plan. Unforeseen circumstances may cause some deviations from the plan. These include major storms or the newly discovered need to do vegetation management on a distribution circuit not in the 2014 plan, but which is experiencing reliability problems. The company will inform the Commission of any such material deviation from its Plan.

## 2014 Kentucky Power Distribution Vegetation Management Plan

The 2014 Vegetation Management Plan will continue to focus on Full-Circuit Reclearing. Full-Circuit Reclearing is an integral part of our efforts to transition from a reactive-based maintenance program to a cycle-based maintenance approach that the Company began in July of 2010. Reclearing work will be prioritized and scheduled based on past tree-related reliability performance, field inspection of the right-of-way conditions, and the number of customers impacted. \$401,077 will be budgeted to address reliability issues that develop throughout the year. This Unscheduled/Reactive funding represents 2.3 percent of the total Vegetation Management O&M Budget.

Kentucky Power's service territory covers one of the most heavily forested areas of the country. The Company's spray program is a vital component of the Vegetation Management Plan. ULV (Ultra Low Volume), high-volume foliar, basal, cut-surface, and aerial application techniques will be utilized depending on the brush conditions. The goal is to treat 2,454 acres of brush in 2014.

The 2014 Vegetation Management Plan also includes \$2,550,000 of forestry capital. This funding will be utilized to remove trees larger than 18 inches in diameter, widen rights-of-way, and for TGR (Tree Growth Regulator) application.

The 2014 Kentucky Power Distribution Management Plan projected expenditures for the three districts in its service territory are:

### 2014 KENTUCKY POWER DISTRIBUTION VEGETATION MANAGEMENT PLAN

AREA	PLANNED MILES RECLEARING	PLANNED SPRAY ACRES	UNSCHEDULED REACTIVE O&M FUNDING	SCHEDULED O&M FUNDING	TOTAL O&M FUNDING	FORESTRY CAPITAL FUNDING
HAZARD	438	864	\$150,000	\$5,013,668	\$5,163,668	\$1,234,783
PIKEVILLE	362	1,020	\$184,534	\$7,392,063	\$7,576,597	\$778,744
ASHLAND	246	570	\$66,543	\$4,431,157	\$4,497,700	\$536,473
TOTALS	1,046	2,454	\$401,077	\$16,836,888	\$17,237,965	\$ 2,550,000

2014 KYPCO DISTRIBUTION VEGETATION MANAGEMENT PLAN										
RECLEARING PLAN										
DISTRICT	STATION NAME	CIRCUIT NAME	CIRCUIT NUMBER	CIRCUIT LINE MILES	MILES PLANNED	PROJECTED O&M COST per MILE	O&M	Forestry Capital associated with Reclearing	TOTAL COST	COMMENTS
PKV	Lovely	Wolf Creek	3202202	59.0	26.0	\$18,000	\$468,000	\$40,716	\$508,716	Finish Full Circuit Reclear - Carryover miles from 2013
PKV	Sprigg	Matewan	2150105	9.3	8.0	\$18,000	\$144,000	\$12,528	\$156,528	Full Circuit Reclear
PKV	Borderland	Nolan	3150501	24.0	24.0	\$18,000	\$432,000	\$37,584	\$469,584	Full Circuit Reclear
PKV	Dewey	Inez	3411401	169.0	19.0	\$18,000	\$342,000	\$29,754	\$371,754	Partial Reclear
PKV	Belfry	Belfry	3200301	28.7	2.0	\$18,000	\$36,000	\$3,132	\$39,132	Partial Reclear - Pecco Hollow
PKV	Sidney	Big Creek	3404301	29.0	11.0	\$18,000	\$189,000	\$16,443	\$205,443	Full Circuit Reclear - to be completed in 2015
PKV	Elkhorn City	City	3400901	29.0	29.0	\$18,000	\$522,000	\$45,414	\$567,414	Full Circuit Reclear
PKV	Johns Creek	Meta	3411801	167.0	46.0	\$18,000	\$828,000	\$72,036	\$900,036	Partial Reclear - Lower J.C. / Lower Brushy
PKV	Pikeville	Main Street	3403002	6.0	6.0	\$18,000	\$108,000	\$9,396	\$117,396	Full Circuit Reclear
PKV	Falcon	Oil Springs	3401101	49.0	49.0	\$18,000	\$882,000	\$76,734	\$958,734	Full Circuit Reclear
PKV	Beaver Creek	Ligon	3403201	80.0	50.0	\$18,000	\$900,000	\$78,300	\$978,300	Finish Full Circuit Reclear - Carryover miles from 2013
PKV	Betsy Layne	Mud Creek	3400301	77.0	70.0	\$18,000	\$1,260,000	\$109,620	\$1,369,620	Finish Full Circuit Reclear - Carryover miles from 2013
PKV	Beaver Creek	Price	3411802	22.0	22.0	\$18,000	\$396,000	\$34,452	\$430,452	Full Circuit Reclear
ASH	Busseyville	Walbridge	3007906	94.0	60.0	\$15,500	\$930,000	\$74,400	\$1,004,400	Full Circuit Reclear - to be completed in 2015
ASH	Coalton	US 60 West	3003701	85.0	56.0	\$15,500	\$868,000	\$69,440	\$937,440	Full Circuit Reclear - to be completed in 2015
ASH	Cannonsburg	Cannonsburg	3008701	64.0	64.0	\$15,500	\$992,000	\$79,360	\$1,071,360	Full Circuit Reclear - to be completed in 2015
ASH	South Shore	Siloam	3002001	35.0	35.0	\$15,500	\$542,500	\$43,400	\$585,900	Full Circuit Reclear
ASH	South Shore	Distribution	3002002	9.0	9.0	\$15,500	\$139,500	\$11,160	\$150,660	Full Circuit Reclear
ASH	Siloam	Distribution	3004301	22.0	22.0	\$15,500	\$341,000	\$27,280	\$368,280	Full Circuit Reclear - to be completed in 2015
HAZ	Leslie	Wooton	3303902	160.0	115.0	\$10,000	\$1,150,000	\$310,500	\$1,460,500	Finish Full Circuit Reclear
HAZ	Jeff	Viper	3309001	47.4	40.0	\$9,700	\$388,000	\$104,760	\$492,760	Finish Full Circuit Reclear
HAZ	Daisy	Leatherwood	3301701	88.0	50.0	\$9,700	\$485,000	\$130,950	\$615,950	Finish Full Circuit Reclear
HAZ	Engle	Grapevine	3312202	95.9	95.9	\$9,600	\$920,640	\$230,160	\$1,150,800	Full Circuit Reclear
HAZ	Jackson	South Jackson	3308001	26.5	26.5	\$9,700	\$257,050	\$68,118	\$325,168	Full Circuit Reclear
HAZ	Jackson	Panbowl	3308002	30.3	30.3	\$9,700	\$293,910	\$73,478	\$367,388	Full Circuit Reclear
HAZ	Collier	Smoot Creek	3308603	81.0	60.0	\$9,700	\$582,000	\$145,500	\$727,500	Full Circuit Reclear - to be completed in 2015
HAZ	Vicco	Redfox	3309301	48.0	20.0	\$9,400	\$188,000	\$47,000	\$235,000	Full Circuit Reclear - to be completed in 2015
<b>RECLEARING TOTALS</b>			<b>Totals</b>		<b>1046</b>		<b>\$14,584,600</b>	<b>\$1,981,615</b>	<b>\$16,566,215</b>	

## **KY POWER FORESTRY PLAN Terminology**

### **Feeder Breaker Zone**

**Synonymous with Station Zone. Segment of line extending from the circuit station breaker to the first operating device. This zone includes unfused taps, but does not include fused taps.**

### **Full Circuit Reclear**

**Entire circuit from the station breaker to the end of the circuit.**

### **Recloser Zone**

**Line segment extending from a specific recloser to the next operating device. This zone includes unfused taps, but does not include fused taps.**

### **Partial Reclear**

**A portion of the circuit is planned for reclearing.**

### **BID JOB**

**Planned reclearing work released as an open, lump-sum bid for competing contractors.**

### **Finish Full Circuit Reclear**

**Reclearing scheduled to complete Full Circuit Reclear that began in the previous year.**

### **2<sup>nd</sup> Recloser Zone**

**Line segment beginning at the second operating device beyond the station circuit breaker extending to the next operating device. This zone includes unfused taps, but does not include fused taps.**

### **Quality-of-Service Work**

**Tree trimming or removal work scheduled for a line segment to address reliability issues. This work does not conform to reclearing specifications (e.g.-Hotspotting).**

### **Cycle Buster Tree**

**A tree that has to be revisited before the circuit is due for its next cycle trim.**

<b>DISTRIBUTION VEGETATION MANAGEMENT SPRAY PLAN</b>			
<b>KYPCO 2014</b>			
<b>DISTRICT</b>	<b>ACRES</b>	<b>O&amp;M BUDGET</b>	<b>SPRAY MILES</b>
<b>PKV</b>	<b>1020</b>	<b>\$451,000</b>	<b>560</b>
<b>HAZ</b>	<b>864</b>	<b>\$414,703</b>	<b>475</b>
<b>ASH</b>	<b>570</b>	<b>\$351,500</b>	<b>315</b>
<b>Totals</b>	<b>2454</b>	<b>\$1,217,203</b>	<b>1350</b>

Kentucky Power Company				
2014				
Distribution Vegetation Management O&M Forestry Plan-Summary				
<u>ACTIVITY</u>	<u>Total O&amp;M</u>	<u>Pikeville</u>	<u>Hazard</u>	<u>Ashland</u>
RECLEARING	\$14,584,600	\$6,507,000	\$4,264,600	\$3,813,000
TOTAL SPRAY	\$1,217,203	\$451,000	\$414,703	\$351,500
AERIAL SAW	\$0	\$0	\$0	\$0
CONTRACT FORESTERS	\$255,000	\$95,625	\$95,625	\$63,750
STUMP GRINDING PROGRAM	\$1,000	\$0	\$0	\$1,000
TREE REPLACEMENT PROGRAM	\$6,000	\$0	\$5,000	\$1,000
KPI INCENTIVE PROGRAM - Contractor Field Personnel	\$543,085	\$261,771	\$157,073	\$124,241
INTERNAL-Existing KY Forestry Staff	\$230,000	\$76,667	\$76,667	\$76,666
Sub Total	\$16,836,888	\$7,392,063	\$5,013,668	\$4,431,157
Unscheduled/Reactive Maintenance	\$401,077	\$184,534	\$150,000	\$66,543
Total O&M	\$17,237,965	\$7,576,597	\$5,163,668	\$4,497,700
September 30, 2009 O&M Test Year Level	\$7,237,965			
Settlement O&M Incremental Level	\$10,000,000			
Total Annual O&M Distribution Vegetation	\$17,237,965			
Forestry Capital	\$2,550,000			
Total KYPCO Forestry Budget	\$19,787,965			
	<u>Reclearing Miles</u>			
Pikeville	362			
Hazard	438			
Ashland	<u>246</u>			
Totals	1,046			